

**CITY OF MORGAN HILL  
JOINT SPECIAL CITY COUNCIL AND  
SPECIAL REDEVELOPMENT AGENCY MEETING  
MINUTES – JANUARY 29, 2003**

**CALL TO ORDER**

Mayor/Chairperson Kennedy called the meeting to order at 6:00 p.m.

**ROLL CALL ATTENDANCE**

Present: Council/Agency Members Carr, Sellers, Tate and Mayor/Chairperson Kennedy  
Late: Council/Agency Member Chang (arrived at 6:09 p.m.)

**DECLARATION OF POSTING OF AGENDA**

City Clerk/Agenda Secretary Torrez certified that the meeting's agenda was duly noticed and posted in accordance with Government Code 54954.2.

**SILENT INVOCATION**

**PLEDGE OF ALLEGIANCE**

At the invitation of Mayor/Chairman Kennedy, Parks and Recreation Commissioner Mark Frederick led the Pledge of Allegiance.

**PUBLIC COMMENTS**

Lillian Meyer stated that she has been visiting the senior center since the 1980s. She indicated that there is an individual at the senior center that is keying cars. She requested that this issue be addressed.

Mark Frederick, vice-chair of the Parks & Recreation Commission (PRC), informed the City Council/Agency Board that the PRC met last Tuesday evening. He was asked to address the Council/Agency on behalf of the PRC. He indicated that the PRC was informed, at its last meeting, that the contract and the preparation of plans and specifications for the indoor recreation center have been placed on hold. He stated that the PRC has not been apprized of this fact and felt that the PRC has been left out of the loop on this facility. The PRC has also been informed that the aquatics center is proceeding and that the plans and specifications would soon be prepared. Staff also shared with the PRC that given the revised estimates of the capital improvement projects (CIP) that the Council will be making difficult decisions regarding the prioritization and allocation of funding for the Visioning projects. The PRC discussed the fact that there is to be reallocation of funding for the indoor recreation center to the aquatics center and that it expressed concern with the reallocation. On the other hand, the PRC is pleased with the progress that is being made with the aquatics center and its implementation. He said that it appears that there is a fast track approach to the aquatics center. The PRC does not believe that it is consistent with the Parks Master Plan approved by the Council. He said that the Parks

Master Plan calls for a number of recreational CIP projects, including an indoor recreation center, aquatics center and a sports complex. The Plan also calls for the completion of a business plan for each of these facilities in terms of scope, cost benefit ratio, staffing needs, and revenue projections. He said that facilities and priorities are identified and are based on a users need survey conducted by consultants. The number one priority identified in the Master Plan was the indoor recreation center because it would provide unserved uses in the city. He noted that the aquatics center was not the highest priority because of the anticipated addition of the new high school. The improvements to Live Oak High School was deemed to be such that they would accommodate swimming needs in the short term until the aquatics center is built. He stated that the City does not currently have an indoor recreational facility, a teen program, and has an under served senior program. He said that the indoor recreation center, according to the business plan, would be a revenue generator and would help support a subsequent recreational facility such as the aquatics center. He stated that the Council approved the Parks Master Plan in 2001, noting that the City has already invested \$5 million toward the indoor recreation center with the purchase of the Gunderson property to be used specifically for an indoor recreation center. A business plan has been prepared for the indoor recreation center, and the schematic design contract has been executed.

Mr. Frederic stated that during the schematic design process, there was a question as to who would be the operator of the indoor recreation facility: the YMCA or City staff. He indicated that the PRC voted 6-1 to have the City operate the indoor recreation center. It was his belief that the Council subsequently voted 4-1 to support City operation of the facility. A special committee was formed and was tasked with further discussions with regards to the YMCA's role. He said that negotiations for the contract with the architects to prepare plans and specifications are underway. The PRC has been advised by staff that they have been directed to place a hold on the execution of the contract. He stated that the PRC recommends that the Council direct staff to execute the contract with the architectural consultant to continue the two-year effort by the PRC, citizens, staff and the Council/Redevelopment Agency toward the realization of the opening of the indoor recreation center. The PRC is requesting that funding not be taken away from the indoor recreation center and re allocated to the aquatics center. He stated that the indoor recreation center would be the center piece of the City's recreational program and that it is imperative that this project move forward in order to provide the recreational services that the citizens of Morgan Hill deserve.

Executive Director Tewes indicated that Mr. Frederick was expressing the views of the PRC on the relative priorities. He responded to the question as to whether or not staff has been directed to hold off on the execution of the contract. He indicated that the Council has authorized the contract with an architectural firm for the indoor recreation center. He stated that he is the individual who would execute the contract. Last week, he asked Deputy Director of Public Works Struve, who is responsible for the contract, as to the status of the contract. Mr. Struve indicated that the contract is all but done with one small point. He advised Mr. Struve to try and wrap up the contract. However, he would not be signing the contract until the conclusion of the Council/Redevelopment Agency workshop this evening.

## ***City Council and Redevelopment Agency Action***

### **CONSENT CALENDAR**

**Action:**        *On a motion by Council/Agency Member Carr and seconded by Council/Agency Member Tate, the Council/Agency Board unanimously (5-0) **Approved** Consent Calendar Items 1-4 as follows:*

1.     **JOINT SPECIAL CITY COUNCIL AND SPECIAL REDEVELOPMENT AGENCY MEETING MINUTES FOR JANUARY 10, 2003**

**Action:** **Approved** the minutes as written.

2.     **JOINT SPECIAL CITY COUNCIL AND SPECIAL REDEVELOPMENT AGENCY ADJOURNED MEETING MINUTES FOR JANUARY 11, 2003**

**Action:** **Approved** the minutes as written.

3.     **SPECIAL CITY COUNCIL MEETING MINUTES FOR JANUARY 15, 2003**

**Action:** **Approved** the minutes as written.

4.     **JOINT SPECIAL AND REGULAR CITY COUNCIL AND SPECIAL REDEVELOPMENT AGENCY MEETING MINUTES FOR JANUARY 15, 2003**

**Action:** **Approved** the minutes as written.

### **WORKSHOP:**

5.     **CONSIDERATION OF REVISIONS TO ALLOCATION OF THE REDEVELOPMENT AGENCY TAX INCREMENT**

Executive Director Tewes presented the staff report. He addressed the supplemental information distributed to the Agency Board this evening. He indicated that staff members were in attendance to assist the Agency Board in understanding the cost and the scope and any implications to changes that it wishes to consider.

Agency Member Tate indicated that the Agency Board has not identified where the additional funding for the aquatics center would come from. He felt that there was confusion about this as the aquatics center and sports fields are lumped together under one category. He recommended that they be separated into two different categories so that the Agency Board can place a focus on the sports fields and a separate focus on the aquatics center. Doing so would allow the Agency Board to better track these two projects in terms of funding.

Executive Director Tewes stated that \$20 million was allocated a year ago and that there is still \$20 million allocated today under this category. He said that the Agency Board will need to identify where the additional \$2.7 million for the aquatics complex would come from.

Agency Member Tate indicated that the Agency Board agreed to allocate an additional \$2.7 million to

the aquatics center and that it would be deciding this evening where the \$2.7 million would come from.

Executive Director Tewes identified Redevelopment Agency funding sources.

Director of Business Assistance and Housing Services Toy informed the Agency that it is anticipated that the Agency cap would be reached in five years.

Agency Member Sellers felt that the amount allocated to Business Assistance would be adequate. He recommended that the \$164,000 be kept as funding for the Downtown Association as this was a good faith commitment by the City when it assisted the Downtown Association with initial funding. He indicated that the Downtown Association is planning on becoming independent in three years. He stated that he would like to see the Chamber achieve independence to a much higher degree than what is being seen. He felt that \$125,000 assistance to the Chamber per year is too high, noting that assistance was higher this year. He stated that he would like to see this number reduced and eventually go down to zero. He would like to see a business plan that would show how the Chamber would be autonomous, yet providing services.

Executive Director Tewes indicated that \$100,000 has been reserved under Business Assistance; \$25,000 has been earmarked for the graffiti abatement program within the Redevelopment Project Area, and approximately \$25,000 has been reserved for property maintenance for Agency properties during the calendar year. The balance of funding is available for studies, commercial rehab loans, store front facades, etc.

Agency Member Tate did not believe that this amount was enough to undertake major projects such as installation of infrastructure or improvements over the next few years.

Chairman Kennedy said that it was his belief that the Agency assumed that the \$4.0 or \$5.5 million was to be used toward economic development (e.g., business projects, loans).

Agency Member Carr stated that the Agency should keep in mind that these are not the only line items that it has. He indicated that the Economic Development Committee (EDC) was going to return with a proposal that spends \$1 million specifically in the downtown area. He felt that this should be its own line item and not lumped with the Business Assistance projects. He said that the \$5.5 million does not have to fit neatly into the line items and felt that the Agency should be creating new line items for this type of funding.

Agency Member Sellers recommended that the line items be referred to the EDC versus going through each line item this evening.

Vice-chair Chang felt that the EDC can refine the numbers under Business Assistance with the assumptions presented by the Agency this evening and that the EDC return with recommendations.

Chairman Kennedy said that it was his belief that Agency Members Carr and Tate believe that the \$5.5 million would be used to provide economic assistance and that the EDC would return with a proposed

line item recommendation.

Agency Member Tate did not believe that the Agency had enough money to complete all projects that it has on its plate. He felt that one of the projects has to be removed in order to make the Agency whole. He said that he would like to reconfirm this evening that the aquatics center is the Agency's number one top priority. He stated that he could not make the aquatics center his number one priority but that he would support the Agency's decision that it is the number one priority and budget for it. If so, this would influence how he views the other projects.

Vice-chair Chang referred to flood control and storm drain. She indicated that the Agency discussed, in its goal setting sessions, interim flood control goals. She requested that staff identify the Agency's goals relating to flood control.

Executive Director Tewes said that during the Council retreat, the Council listed dozens of topics, one of the topics was a flood control project. The Council established this as a goal with the early completion of the PL566 project. The Council indicated that it would be asking staff to evaluate proposals for interim flood control improvements and how they might be financed.

Chairman Kennedy recollected that it was at his suggestion that flood control become a goal. This goal would take care of areas such as Hill & Dunne, Llagas & Hale and perhaps some of the downtown areas, including the south end of town where there is localized flooding that can be improved on an interim basis.

Executive Director Tewes indicated that the Council requested that staff evaluate these locations with possible solutions on how they might be financed. He noted that some of the areas mentioned by Chairman Kennedy are located outside the Redevelopment Project Area. Therefore, other revenue sources would need to be identified. He stated that when the Council allocated funds for flood control, it was for the Llagas Flood Control Channel. He said that after PL566 is installed, the City still needs to provide local improvements to improve flood control. These improvements are being proposed by issuing the allocation reserve.

Director of Public Works Ashcraft provided the Agency with a break down of what projects would be completed with the \$3.4 and \$3.7 million reserve. He said that the \$3.4 million would fund the PL 566 project and five or six other projects, completing the local storm drains. This would provide the City with 100-year flood protection. He said that the \$3.7 million is a place holder to be used for purchasing land and building retention basins that could be interim storm facilities until regional channels are built. He addressed the projects that have been approved as part of the CIP. He stated that it would cost millions of dollars to build regional facilities and connect to the storm drain system.

Chairman Kennedy said that there is a potential to use the \$3.7 million of the storm retention implementation funding to meet other needs.

Agency Member Sellers said that it would be helpful to review the public facility projects and determine how the Agency would like to proceed with these projects. He said that it would be helpful to know that the Agency may have some flexibility in the flood control area and that the Agency may

want to do more under economic development.

Agency Member Tate inquired whether the aquatics complex is the number one priority of the Agency as he did not believe that there was enough money to complete all projects.

Agency Member Carr said that the Agency already has taken a position that the aquatics center is the priority project. However, the Agency has not agreed where the additional funding is to come from.

Vice-chair Chang said that she supported the aquatics project as the number one priority, noting that it was at a lower budget level at the time. She said that the indoor recreation center and the aquatics center are of equal priority to her. She was not comfortable in stating that the aquatics complex was higher in priority than the indoor recreation center. She distributed to the Agency Board information that suggests that the indoor recreation center be moved to the current soccer site, selling the Gunderson site to the RDA housing project for its current value of approximately \$5.5 million. She sees an advantage in combining the synergism of the two centers, making the area a semi designated location for sports and youth activities. It is her goal to achieve higher revenues and higher sales tax dollars and that combining the two projects may result in cost savings. Sale of the Gunderson site would result in freeing up \$5.5 million with \$2.7 million being allocated toward the aquatic center and \$2.7 toward economic development. The City could retain the Gunderson site, using half of the site for housing and the other half to be used as part of the Community Park. She felt that there were other possibilities. Another alternative would be to sell half of the Gunderson site, ear marking the proceeds from the land sale toward the aquatics complex. She recommended that staff be allowed to evaluate her proposal to see if it has merit. She stated that she was not comfortable in taking \$2.7 million away from the sports fields and that she would like to see more economic development dollars placed into the economic development fund. She said that she was not holding ownership to her proposal but that she wanted to stimulate discussion.

Agency Member Tate said that he was convinced that the Agency does not have enough money to complete all the Visioning projects. He felt that Vice-chair Chang has come up with a solution that would assist in completing several of the projects by giving up one site. Commissioner Frederick stated that the indoor recreation center should be the number one priority because the City is not serving its youth and that it is under serving its senior. He felt that the City's top priority should be serving its seniors and its youth. He liked Vice-chair Chang's idea of a combined, scaled back, indoor recreation center that meets the high priority needs of the seniors and youth. This would still provide for outdoor recreation facilities and fields on the same property to achieve all goals.

Vice-chair Chang noted that the soccer fields are comprised of 38 acres. She indicated that the indoor recreation center is proposed at 50,000 square feet (less than 1.5 acres).

Agency Member Sellers stated that he has given thought to Vice-chair Chang's proposal and felt that it had merit. He expressed concern with proceeding in this direction for the following reasons: 1) the Agency has embarked with the aquatics center project. Should the Agency embark in this proposal, the Agency would not be able to proceed with the plan to open the aquatic center in 2004. He did not believe that the proposal could be studied and completed without halting the aquatics center should the projects be combined. 2) He said that the groups that the City wants to serve (youths and seniors)

would not be able to access the Condit Road site by mass transit or foot traffic. This would be a significant population that would not be able to access the Condit Road site. 3) He expressed concern with having a skateboard park at the outskirts of the community versus being connected to the community. 4) The City would be looking at some form of redesign by combining the two projects as the indoor recreation center would be scaled down.

Vice-chair Chang said that she envisioned that staff could study her proposal as there was not enough information to evaluate the proposal this evening. She recommended that the aquatics center proceed as designed. She did not believe that the incorporation of the indoor recreation center and the aquatics center would slow down the aquatics center. She felt that the senior component could be pulled out of the indoor recreation center and that the City could convert the Friendly Inn into a senior center. She envisions the Condit Road area as a sports and youth activity center. She said that mass transit could be rerouted to access the Condit Road site. She felt that there were commercial possibilities and that the Condit site would become a mecca for a sports/activities complex and an economic development center. She stated that the Agency would be reviewing the operating cost for the aquatics complex next week, noting that it is projected to have a \$150,000-\$300,000 deficit in operating costs. She felt that the City needs to perform better than cost recovery. She said that the business plan will clearly identify the operating cost.

Agency Member Sellers said that the Agency understood that there would be some projects that would not be able to pay for themselves. He felt that the Agency needs to look at general fund revenues. He said that he would feel comfortable going back to the community seeking funding to provide the recreational services desired. He felt that public facilities are built to serve the community. Selling the Gunderson site was not what he envisioned as a goal just so that the City can break even or make money on this project.

Chairman Kennedy felt that it was important to know what the operating costs are going to be for each facility before the Agency proceeds. This may mean that there will be a subsidy for facilities but that the Agency/Council would know the estimated subsidy going into the project. He did not believe that the City would want to get into a situation where it is willing to pay more to keep a facility running. He felt that the City has the ability to fall back in a manner of operation so that it is consistent with the City's operational ability. He did not believe that the Agency was moving away from the Parks Master Plan. He said that this document was developed as a result of a lot of public input and information. He did not believe that the Agency/Council should stray from this document but stay on track when it looks at the economics of these projects.

Agency Member Tate stated that he has not discussed with Vice-chair Chang her proposal. He agreed that the senior center could not be sited on Condit Road. He felt that the Condit Road site would be suitable as a youth center complex. He felt that the bus route could be changed to make the facility accessible to youth. He would agree to combine the athletic facilities adjacent to the aquatics center in order to make it a break even venture. He felt that the athletic facility could help subsidize the aquatics center in order to avoid using much of the general fund.

Agency Member Sellers stated that the indoor recreation center is planned for the Gunderson site and that it was designed with an indoor pool. As designed, it is a break even project. He felt that

elimination of the pool would result in the loss of revenue and running in a deficit based on how it would interact with everything else. He did not believe that the City could continue stating that the aquatics center is static and that no changes are to be made but yet, it is being proposed to add an appendage to it. If two facilities are combined, he felt that a review of how they work together would need to be undertaken.

Agency Member Tate felt that the indoor recreation center could be designed to be compatible with the aquatics center. He felt that the Agency needs to study economics and that it may be determined that an indoor pool is necessary.

Vice-chair Chang did not recommend the elimination of the pool from the indoor recreation center. She would support eliminating the senior center component. She recommended that the Sports Management Group be asked to review her proposal to see if it makes sense. She did not see her proposal as a regional center but that she sees it as a community-oriented facility that would draw 20% additional individuals who would visit the site in order to achieve a break even economic plan.

Chairman Kennedy raised the suggestion of taking a portion of the Gunderson site, selling it to the RDA housing. Further, retaining the indoor recreation center at the Gunderson site, and providing housing as part of the project. This would accomplish two things: 1) bringing in revenues that would become available for other projects; and 2) would provide a site for housing (e.g., senior, teacher housing). This proposal may be a way of generating additional revenues. He felt that his proposal would be a compromise.

Vice-chair Chang noted that the Agency is short of money for economic development, the aquatics complex and the operation of the aquatics center.

Chairman Kennedy proposed that the Agency take a portion of the future flood control detention funds and shift them as well. He recommended a \$3 million combination; funding to come from housing and flood control in order to make up for the shortfall. His proposal would be the transfer of funds as a compromise and approaching the problem from a different perspective.

Chairman Kennedy opened the floor to public comment.

Lillian Mayer recommended that Agency members not go against each other and be open to a vision. Seeing the vision of others does not mean that one needs to accept it.

Martin Kapetanac stated that she understands that the Council wants to appease everyone in the community, understanding that there are problems associated with lack of funds. She said that the Community and Cultural Center was designated while other projects were placed on hold. The Community and Cultural Center is now completed and is functioning. She stated that she rallied and worked hard for RDA monies because she had a special interest as she wanted to see an aquatics complex in the community. She would hate to see that it is given up. She felt that the indoor recreation center is just as important. She likes the idea that the indoor recreation center is planned on the Gunderson property. She felt that the Gunderson property would be an ideal location for senior housing. She could not see relocating the indoor recreation center to the sports complex site. She felt



that the Council would end up with dissatisfied residents with the construction of a tall structure; noting that the sports complex exists as fields. She supported retaining the indoor recreation center at the Gunderson site.

Tim Thornton stated that it was mentioned to him that one of the issues that came up with the 50-meter pool was that rather than making it a deep facility uniformly, that it was to be shallow at one end so that it can be used as a teaching pool. He felt that with the facilities at Britton, Live Oak High School, and the new high school would have shallow ends that could be used for swim lessons. He requested that the Agency look at an all deep 50-meter facility.

No further comments were offered.

Agency Member Sellers said that the Agency has already proceeded in a direction and that the Agency/Council is still heading in this direction. He recommended that the Council/Agency reconfirm this commitment. He noted that the Agency has allocated \$12.35 million toward the aquatics center. He stated that he spoke with Agency Member Carr who suggests sending the balance of the public facility projects and some of the suggestions back to the Parks and Recreation Commission as they deserve to be engaged. However, he was not sure whether it would alter the process. He felt that it would be appropriate to have the Parks and Recreation reconsider these items. He recommended that the Agency look at the bigger picture and some of the specific allocations. He said that he would be interested in looking at reallocating some of the flood control funding.

Agency Member Carr stated that he would be interested in looking at the public facilities category, sending this category back to the Parks and Recreation Commission. He noted that it was indicated by the Vice-chair to the Parks and Recreation that it would like to be involved. He said that at the retreat, the Council indicated that it would like to find ways to use its commissions more effectively. He recommended that the Parks and Recreation Commission be asked to look at the dollars, including suggestions like the one Agency Member Chang made and any other suggestions that the Commission may have with the confirmation that the aquatics budget is at \$12.35 million. He stated that he would like to hear the Parks and Recreation Commission comments on where the \$2.7 million is to come from. He said that he was not comfortable in taking away the flood control funding. However, he felt that there are ways that the Agency could specifically earmark some of these dollars to help other categories. He said that the EDC suggested that it was going to come back with a proposal on how to start a catalyst project in the downtown. He felt that this should become a very specific new line item in the whole plan. He stated that he would like to see specific dollars allocated to this line item. He suggested that \$3 million be allocated with \$1 million going toward economic development, \$1 million toward housing and \$1 million for “infrastructure” that could come out of the Flood Control Storm Drain funds. He agreed that the Agency needs to find a way to increase dollars that are available for economic development and act as a catalyst for the downtown. He felt that this may be an issue that the EDC can spend some time on. He did not believe that the Agency should limit itself to these funds when thinking about alternative funding sources.

Chairman Kennedy felt that the Agency can accomplish the Visioning projects established with the funds available. He said that the Agency can look at other specific possibilities such as housing at the Gunderson site that might provide some source of revenue. He requested that staff look at the flood

retention funds. He was convinced that the aquatics center has a very healthy contingency of \$1 million. He would expect that it would come in under budget. He felt that there were opportunities available and supported the idea of taking this back to the Parks and Recreation Commission, having them review the numbers. He suggested that there may be other funding sources that could assist with the completion of the Visioning projects such as using some of the reserves from the General Fund after the City gets through the economic crises. He felt that reserves should be used for one time purposes and not be used to pay for on going expenses.

Agency Member Tate was pleased to hear Chairman Kennedy felt that all of the Visioning projects were important because he felt that this includes the sports fields as a high priority.

Vice-chairwoman Chang felt that more funds should be ear marked for economic development. She noted that the Agency/Council talks about making Morgan Hill a tourist center to generate additional revenues. She inquired whether the City was trying to accumulate enough money to develop a major shopping center or develop other alternatives? She did not believe that Morgan Hill was a tourist community or an attraction at this time. She did not believe that individuals would consider Morgan Hill a destination center. Individuals would not shop in Morgan Hill as they will shop in Gilroy. She felt that a true destination could be the sports complex, a car dealership or a major shopping center. She stated that she did not support a car dealership because she did not believe that this use was the right image for Morgan Hill.

**Action:** *It was the consensus of the Agency Board as follows: **Confirmed** that the allocation for the aquatics center is at \$12.35 million. The Agency Board requests that the Parks and Recreation Commission view the public facilities section of the allocation and include an evaluation of ideas such as those proposed by Chairman Kennedy and Vice-chair Chang regarding the Gunderson property. The Commission is also to provide the Agency Board with their thoughts on the public facilities allocations. The Commission is also to provide their thoughts on how to make up the \$2.7 million allocated to the aquatics center.*

Agency Member Carr stated that he would be interested in hearing the Parks and Recreation Commission's thoughts on where the \$2.7 million is to come from, noting that only the public facilities funding is available for them to look at.

Agency Member Sellers noted that the Parks and Recreation Commission's charge is that of public facilities funding.

Agency Member Tate did not believe that funding for the library was in the purview of the Parks and Recreation Commission. He recommended that they be authorized to review recreational funding. He said that if the City was to pull the Library funding out, the City would save a lot of wear and tear on the second application for Library funding.

Chairman Kennedy concurred with taking the library funding out of the Parks and Recreation Commission purview as it would send a mixed message. He noted that the City would be moving forward with the Library grant application. Vice-chairwoman Chang concurred with Chairman

Kennedy's comments.

Executive Director Tewes noted that Agency Member Carr, on behalf of the EDC, suggested the creation of a \$3 million pool with a one line item to be used for the downtown. He said that it was not clear to him whether the Agency Board agreed with the EDC or whether the Agency Board wanted the Committee to return with a recommendation.

Agency Member Tate indicated that the EDC has requested that it be allowed to further refine the economic development policy.

Agency Member Carr stated that the EDC was contemplating ideas for an economic development policy.

Chairman Kennedy stated that it appears to be the consensus of the Redevelopment Agency that it would allow the EDC to break out the different line items for the \$16 million.

Agency Member Tate clarified that the EDC inquired whether the Agency liked the idea of placing the money on the table to have a competition in order to have a kick start for the downtown project as presented last Friday. Based on Agency Members' comments, the EDC would be refining their proposal and returning with a recommendation at a future meeting date.

Agency Member Sellers expressed concern that projects may be presented that are ready to proceed today that may not be here when the EDC completes its work.

Agency Member Carr indicated that the EDC is trying to get away from the "first come, first served" concept.

Agency Member Tate indicated that the applicant for a project has requested that a project be agendized by Agency Member Sellers and Chairman Kennedy. Therefore, the Agency can discuss this particular project when it comes before the Agency.

Chairman Kennedy supported the EDC recommending economic development line items. He wanted to make sure that the Agency is very clear on what it is asking the Parks and Recreation Commission to do. He inquired as to the intent of the motion.

Agency Member Carr stated that in conforming that the aquatics budget is set, the Agency is over budget by \$2.7 million. He felt that the Parks and Recreation Commission has an interest in being involved on the decision of where the \$2.7 million would come from, looking at public facilities to find the \$2.7 million. He did not believe that the Parks and Recreation Commission should be limited to keeping things the way they are today. He felt that finding the \$2.7 million may necessitate the elimination of an entire project because it no longer makes sense to proceed with a project should funding be reduced for a particular project. As an alternative, projects could be moved around, taking a look at different options without necessitating an amendment to the Parks Master Plan.

Chairman Kennedy stated that he would like to request that the Parks and Recreation Commission

look at the flood control retention funds and not the other categories as options.

Agency Member Sellers recommended that it be clarified to the Parks and Recreation Commission that the Agency is looking at alternative resources and that the Agency would like to charge them with looking at these specific projects with the need to find \$2.7 million. He wanted to advise the Parks and Recreation Commission that the Agency is also looking at other possibilities/options as well.

Vice-chair Chang noted that 4-5 acres are needed for the indoor recreation center.

Executive Director Tewes stated that as a rule of thumb, when you take into account parking, setbacks, landscaping, trash bins, etc., every 10,000 square feet of building would require one acre. He noted that the indoor recreation facility is proposed at 50,000 square feet, therefore, 4-5 acres would be needed.

Chairman Kennedy inquired whether the City is moving forward with attaining the corporation yard and making this space available within a realistic time frame?

Executive Director Tewes responded that staff is moving forward with the direction given by the Council in adopting the budget in two respects: 1) The lease with the School District expires in approximately six years. The Council has requested that staff give thought to how this space can be incorporated into the Community Park. 2) With respect to the City's corporation yard which is less than 2 acres, the Council has requested that staff prepare a study this year for alternative locations. He informed the Agency that this report would be presented in approximately two months.

Chairman Kennedy felt that this information would be important for the Parks and Recreation Commission to know.

Vice-chair Chang noted that the Parks Master Plan sites the skate park to be co located with the sports field and soccer complex.

Chairman Kennedy said that before VTA would agreed to allow the City the use of their site for a skate park and BMX facility, they needed assurance that the City had a plan to move the use to a permanent location. He was not sure whether the Agency/Council firmly decided where the use would go. He recommended that the Parks and Recreation Commission consider the location of the skate park and BMX facility.

Agency Member Sellers inquired whether the Agency was authorizing staff to spend more money to research a new location for all facilities under discussion or whether the Agency was seeking Parks and Recreation Commission comments?

Vice-chairman Chang stated that she would like staff to be participant on this discussion.

**Action:** *It was the consensus that the Agency that it did not want to spend money for consultants and **Directed** that the study be conducted internally with city staff and the Parks and*

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*Recreation Commission.*

Executive Director Tewes indicated that the Parks and Recreation Commission spends time thinking about the operating costs and the next operating subsidy. He said that when the Parks and Recreation Commission recommended an indoor recreation center of a certain size and certain components, part of their recommendation was related to their belief, based on the staff analysis, that this public facility has a fighting chance of breaking even. As the Agency/Council requests that the Commission look at taking some components out and moving them around, the Agency/Council can expect that the Commission will address the impact on the operating costs.

Chairman Kennedy agreed with Agency Member Sellers that there may be some projects that the City would be willing to subsidize. He said that the assumption should not be that all projects will break even.

**ADJOURNMENT**

There being no further business, Mayor/Chairperson Kennedy adjourned the meeting at 9:23 p.m.

**MINUTES RECORDED AND PREPARED BY**

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**IRMA TORREZ, City Clerk/Agency Secretary**